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October 9, 2002

VIA COURIER

FCC/NO. 1
OCT 09 2002

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Wireline Competition Bureau
P.O. **Box** 358145
Pittsburgh, PA 15251-5145

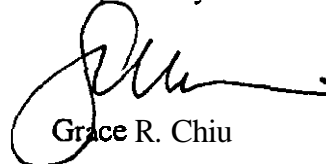
Re: Application of McLeodUSA Telecommunications Services, Inc. for Domestic
Section 214 Authorization to Transfer a Portion of its Customer Base to
Homebase Acquisition Corp.

Dear Ms. Dortch

On behalf of McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and Homebase Acquisition Corp. ("Homebase") (together "Applicants"), enclosed please find **an** original and ~~six~~ (6) copies of the application for Commission approval to transfer a portion of McLeodUSA's long distance customer base to Homebase. Also enclosed is a check in the amount of \$815.00, payable to the FCC, which satisfies the filing fee required for **this** application under line 2.b. of Section 1.1105 of the Commission's rules.¹ Please **date-stamp** the enclosed extra copy of this filing and return it in the envelope provided.

Please direct **any** questions regarding this filing to the undersigned.

Respectfully submitted,



Grace R. Chiu

Counsel for McLeodUSA
Telecommunications Services, Inc.

¹ See FCC Suspends Collection of the July 2002 Amended Schedule of Application Fees, Public Notice, DA 02-2513 (rel. Oct 4, 2002).

Ms. Marlene H. Dortch, Secretary

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Enclosures

cc: William Dever (WCB) (via e-mail)
Tracy Wilson (WCB) (via e-mail)
David R. Conn (McLeodUSA)
Veronica Ahern (Nixon Peabody)
Richard M. Rindler

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of the Application of)
)
McLEODUSA TELECOMMUNICATIONS)
SERVICES, INC.)
)
For Domestic Section 214 Authorization to)
Transfer a ~~Portion~~ of Its Customer Base to)
)
HOMEBASE ACQUISITION CORP.)

WC Docket No. 02-322

APPLICATION

I. INTRODUCTION

McLeodUSA Telecommunications Services, Inc. ("McLeodUSA" or "Transferor") and Homebase Acquisition Corp. ("Homebase" or "Transferee") (McLeodUSA and Homebase, together, "Applicants"), by their undersigned counsel, hereby request authority pursuant to Section 214 of the Communications Act of 1934, **as** amended,¹ and the Commission's Report and Order issued in CC Docket No. 01-150,² for McLeodUSA to transfer a portion of its Illinois long distance customer base to Homebase. Homebase is **a** newly formed privately held Delaware corporation whose principal business is telecommunications.

II. INFORMATION REQUIRED UNDER SECTION 63.04(a)

In support of this Application, Applicants submit the following information pursuant to Sections 63.03 and 63.04(a) of the Commission's rules."

¹ 47 U.S.C. § 214.

² *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, CC Docket No. 01-150, 17 FCC Rcd 5517 (2002) (modifying its filing requirements for asset acquisitions).

³ 41 C.F.R. §§ 63.03 and 63.04(a).

- (1) Name, address and telephone **number** of each applicant.

Transferor: McLeodUSA Telecommunications **FRN: 0003-7160-73**
Services, Inc.
McLeodUSA Technology Park
6400 C Street, **SW**
Cedar Rapids, Iowa **52406-3177**
Tel: **(319) 790-6823**

Transferee: Homebase Acquisition Corp. **FRN: 0007-4947-76**
P.O. **Box 1234**
Mattoon, Illinois **61938**
Tel: **(217) 235-4410**

- (2) State of organization.

Transferor: Transferor is organized under the laws of the State of Iowa.

Transferee: Transferee is organized under **the** laws of the State of Delaware.

- (3) Contact person for this Application.

Correspondence and communications **concerning this** Application should be directed to:

For the Transferor:

Grace R. Chiu
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. **20007-5116**
Tel: (202) 424-7500
Fax: (202) 424-7645
Email: GRChiu@swidlaw.com

For the Transferee:

Veronica Ahern
Nixon Peabody LLP
401 9th Street N.W., Suite 900
Washington, D.C. **20004-2128**
Tel: (202) 585-8000
Fax: (202) 585-8080
Email: vahern@nixonpeahodv.com

(4) Ownership of Applicants.

Transferor: Attached hereto ~~as~~ Exhibit A is a list of the entities that currently directly or indirectly **own** ten percent (10%) or more of the equity of McLeodUSA.

Transferee. At closing, the following entities will directly or indirectly **own** ten ~~percent~~ (10%) or more of the equity of Homebase:

(a) Name: Homebase Acquisition LLC ("**HAL**")
Address: P.O. Box 1234
Mattoon, Illinois 61938
Citizenship: **USA**
Percentage **Owned** 100%
Principal ~~Business~~: Telecommunications

The following entities will **own** HAL:

(b-1) Name: Central Illinois Telephone LLC ("CIT")
Address: 121 **South 17th Street**
Mattoon, Illinois 61938
Citizenship: USA
Percentage Owned 33.3%
Principal Business: Telecommunications

(b-2) Name: Spectrum ~~Equity~~ Investors IV, L.P.
Address: One International Place
Boston, Massachusetts 02110
Citizenship: USA
Percentage Owned: 28.6%
Principal Business: Investment

(b-3) Name: Providence Equity ~~Partners~~ IV, L.P.
Address: **50** Kennedy Plaza
Providence, **Rhode** Island 02903
Citizenship: USA
Percentage **Owned**: 33.3%
Principal Business: Investment

(c) The following individuals will each **own** 25% of CIT. Collectively, these individuals (who **are** personally related to one another) will have actual control of CIT. **As** a result, these individuals collectively will indirectly own 25% of the equity of Homebase (**75% x 33.3% = 24.99%**). None, however, individually will indirectly **own** ten percent (10%) or more of the equity of Homebase.

Name: Richard Lumpkin
Address: 121 South 17th Street
Mattoon, Illinois 61938
Citizenship: USA
Principal Business: Telecommunications

Name: Mary **Ann** Sparks
Address: 2438 Campbell Road, **N.W.**
Albuquerque, New Mexico 87104
Citizenship: USA
Principal Business: Personal investing

Name: Margaret L. Keon
Address: 16 Miller Avenue, Suite 203
Mill Valley, California **94941**
Citizenship: USA
Principal Business: Personal investing

No other person or entity will at closing directly or indirectly **own** ten percent (10%) or more of the equity of Homebase.

- (5) McLeodUSA certifies that pursuant to Sections 1.2001 **through** 1.2003 of the Commission's rules that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301.

Homebase certifies pursuant to Sections 1.2001 **through** 1.2003 of the Commission's rules that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301.

- (6) Description of the transaction.

McLeodUSA requests Commission approval to transfer a portion of its long distance customer base to Homebase. The McLeodUSA customers that will be transferred **to** Homebase **are** located in east central Illinois.

- (7) Description of geographic areas served by Auulicants and their affiliates.

Transferor: McLeodUSA provides integrated communications, including interstate services, primarily in 25 Midwest, Southwest, Northwest and Rocky Mountain states.

Transferee: Homebase does not currently provide service in any geographic area.

(8) Presumptive Streamlined Treatment.

Applicants submit that ~~this~~ Application presumptively qualifies for streamlined treatment pursuant to Section **63.03(b)(1)(ii)** of the Commission's rules because Homebase, the transferee, is not a telecommunications provider.

(9) Related Applications.

McLeodUSA has pending before the Commission applications to **assign** all of its common carrier paging radio station licenses to Homebase. In addition, in WC Docket No. **02-257**, the Commission granted the application of McLeodUSA's parent, McLeodUSA Incorporated, for domestic Section **214** authorization to transfer control of its domestic common carrier subsidiaries, Illinois Consolidated Telephone Company and McLeodUSA Public Services, **to** Homebase:

(10) Special Consideration.

Applicants anticipate that the customer base transfer described herein will **take** place on December **1, 2002**, and therefore respectfully request that ~~this~~ Application be placed on public notice **no** later than Thursday, October 31, 2002.

Applicants are not requesting special consideration of this Application because either is facing imminent business failure.

(11) Waiver Reauests.

No waiver requests have been filed in conjunction with ~~this~~ transaction.

(12) Statement of Public Interest.

Grant of this Application will serve the public interest, convenience and necessity by promoting competition among telecommunications carriers. Specifically, approval of the proposed customer base transfer will enable Homebase, **a** new entrant, to establish a competitive presence in the geographic service **areas** where the affected customers are located and to concentrate its resources and expertise on providing innovative and diversified service **offerings** for all consumers in these **markets**. These enhancements will inure directly to the benefit of the McLeodUSA customers that will be transferred **as well as** to consumers generally in the domestic telecommunications marketplace.

⁴ *Transfer of Control of Illinois Consolidated Telephone Company and McLeodUSA Public Services, Inc. to Homebase Acquisition Corp., Public Notice of Streamlined Domestic 214 Applications Granted, WC Docket No. 02-257, DA 02-2574 (rel. Oct. 8, 2002).*

111. CONCLUSION

Wherefore, for the reasons stated herein, Applicants respectfully submit that the public interest, convenience and necessity would be furthered by grant of ~~this~~ Application for domestic Section **214** authority **to** transfer **a** portion of McLeodUSA's Illinois long distance customer base to Homebase, **as** described herein.

Respectfully submitted,



Richard M. Rindler
Grace R. Chiu
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, DC **20007**
Tel: **(202) 424-7500**
Fax: **(202) 424-7645**

Counsel to
McLEODUSA TELECOMMUNICATIONS
SERVICES, INC.



Veronica Ahern
Nixon Peabody U P
401 9th Street N.W., Suite 900
Washington, D.C. **20004-2128**
Tel: **(202) 585-8000**
Fax: **(202) 585-8080**

Counsel to HOMEBASE ACQUISITION CORP.

Dated: October **9, 2002**

EXHIBIT A

Current Ownership of the Transferor, McLeodUSA Telecommunications Services, Inc.

- (a) The following entity **owns 100%** of McLeodUSA Telecommunications Services, Inc.:

Name: McLeodUSA Holdings, Inc.
Address: McLeodUSA Technology Park
6400 C Street, SW
Cedar Rapids, Iowa **52406-3177**
Citizenship: USA
Principal Business: Telecommunications

- (b) The following entity **owns 100%** of McLeodUSA Holdings, Inc.:

Name: McLeodUSA Incorporated
Address: McLeodUSA Technology Park
6400 C Street, SW
Cedar Rapids, Iowa **52406-3177**
Citizenship: USA
Percentage Owned: **100%**
Principal Business: Telecommunications

- (c) The following entities directly or indirectly **own ten percent (10%)** or more of the equity of McLeodUSA Incorporated.

- (i) Name: Forstmann Little & Co. Equity Partnership-V, L.P.
("Equity-V")
Address: 767 Fifth Avenue
New York, NY **10153**
Citizenship: **USA**
Percentage Owned: **11%**
Principal Business: Investment

The sole general partner of Equity-V is:

Name: FLC XXX Partnership, L.P. ("FLC XXX")
Address: 767 Fifth Avenue
New York, NY **10153**
Citizenship: USA
Principal Business: Investment

Current Ownership of McLeodUSA Telecommunications Services, Inc. (cont'd):

The general partners of ~~FLC XXX~~ are:

Names: Theodore J. Forstmann, **Sandra J. Horbach**,
Thomas H. Lister and Winston W. Hutchins
Address: **767** Fifth Avenue
New **York, NY** 10153
Citizenship: USA
Principal Business: Investment

- (ii) Name: ~~Forstmann~~ Little & Co. Subordinated Debt
and ~~Equity~~ Management Buyout **Partnership-VII**, L.P.
("MBO-VII")
Address: **767** Fifth Avenue
New York, NY 10153
Citizenship: USA
Percentage Owned: 17%
Principal Business: Investment

The **sole** general partner of **MBO-VII** is:

Name: FLC ~~XXXIII~~ Partnership, L.P. ("FLC ~~XXXIII~~")
Address: **167** Fifth Avenue
New **York, NY** 10153
Citizenship: USA
Principal Business: Investment

The general partners of ~~FLC XXXIII~~ are:

Names: Theodore J. Forstmann, **Sandra J. Horbach**,
Thomas H. Lister, Winston W. Hutchins,
Jamie C. Nicholls and Gordon A. Holmes
Address: **767** Fifth Avenue
New **York, NY** 10153
Citizenship: All of the above individuals are citizens of **the USA**,
except Gordon A. Holmes who ~~is~~ a citizen **of the**
Republic of Ireland.
Principal **Business**: Individuals

Current Ownership of McLeodUSA Telecommunications Services, Inc. (cont'd):

(iii) Name: Forstmann Little & Co. Equity Partnership-VII, L.P.
 ("Equity-VII")
 Address: 767 Fifth Avenue
 New York, **NY** 10153
 Citizenship: USA
 Percentage Owned: 14%
 Principal Business: Investment

The sole general partner of Equity-VII is:

Name: FLC XXXII Partnership, L.P. ("**FLCXXXII**")
 Address: 167 Fifth Avenue
 New **York**, NY 10153
 Citizenship: USA
 Principal Business: Investment

The general partners of FLC XXXII are:

Names: Theodore J. Forstmann, **Sandra J.** Horbach,
 Thomas H. Lister, Winston W. Hutchins,
 Jamie C. Nicholls and Gordon A. Holmes
 Address: 767 Fifth Avenue
 New York, **NY** 10153
 Citizenship: All of the above individuals **are** citizens of the USA,
 except Gordon A. Holmes who is **a** citizen of the
 Republic of Ireland.
 Principal Business: Individuals

* * * *

No other person or entity directly or indirectly owns ten percent (10%) or **more** of the equity of McLeodUSA Telecommunications Services, Inc.

CERTIFICATION

On behalf of McLeodUSA Telecommunications Services, Inc., I hereby certify that the statements in the foregoing Application for Section 214 Authority **are** true, complete, and correct to the best of my knowledge and **are** made in good faith.

McLeodUSA Incorporated

A handwritten signature in black ink, appearing to read 'D. R. Conn', written over a horizontal line.

By: David R. Conn

Vice President and Deputy General Counsel

October 1, 2002

CERTIFICATION

On behalf of Homebase Acquisition Corp., I hereby certify that the statements in the foregoing Application for Section 214 Authority are true, complete, and correct to the best of my knowledge and are made in good faith.

Homebase Acquisition Corp.

By: Donald R. Shasson
Title: V-P + Treasurer

October 7, 2002